

**MICHIGAN  
NATURAL RESOURCES  
TRUST FUND (MNRTF)**



**2002 MNRTF ANNUAL  
REPORT**



**Department of Natural Resources  
Grants, Contracts and Customer Systems**

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**MICHIGAN NATURAL RESOURCES TRUST FUND**

**ANNUAL REPORT FOR 2002**

**Lansing, Michigan**

**April 2003**

**Michigan Natural Resources Trust Fund  
Board of Trustees**

**Steven Arwood  
Keith J. Charters  
Gordon Guyer  
Kevin Johnson  
Jim Thompson**

**Michigan Department of Natural Resources**

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Grants, Contracts and Customer Systems  
*(formerly Grants Administration Division)*  
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# **MICHIGAN NATURAL RESOURCES TRUST FUND**

## **2002 Annual Report**

### **I. INTRODUCTION**

This document is submitted in compliance with Section 1906(2) of the Michigan Natural Resources Trust Fund (MNRTF) Act, Part 19 of the Natural Resources and Environmental Protection Act, 451 PA 1994 (Act 451), as amended. Part 19 of Act 451 requires that by January 16 of each year, an Annual Report be submitted to the Governor and Legislature detailing the operations of the MNRTF Board of Trustees for the preceding one-year period. The report provides a summary of the activities of the MNRTF Board and Program for calendar year 2002, including projects recommended for funding and program revenues and expenditures.

### **II. HISTORY OF THE MICHIGAN NATURAL RESOURCES TRUST FUND**

The MNRTF began as the “Kammer Recreational Land Trust Fund Act of 1976” via PA 204 of 1976. Act 204 created the Michigan Land Trust Fund (MLTF) program to provide a source of funding for the public acquisition of lands for resource protection and public outdoor recreation. Funding was derived from royalties on the sale and lease of State-owned mineral rights.

On November 6, 1984, Michigan residents voted in favor of Proposal B, which amended the State Constitution and created the MNRTF. The constitutional amendment required that oil, gas, and other mineral lease and royalty payments be placed into the Trust Fund, with proceeds used to both acquire and develop public recreation lands. To implement the constitutional amendment, the Legislature passed the Michigan Natural Resources Trust Fund Act of 1985 (PA 101 of 1985, Act 101). This act stipulated that in any one fiscal year up to a third of all mineral lease revenues, plus the interest and earnings of the Trust Fund, could be used to both purchase land for resource protection and public outdoor recreation and develop outdoor recreation facilities.

Act 101 also specified that not less than 25 percent of the total expenditures from the Trust Fund in any fiscal year shall be expended for land acquisition and rights in land, and not more than 25 percent of the total expenditures from the Trust Fund in any fiscal year be expended for development of public recreation facilities. In addition, Act 101 authorized the use of Trust Funds to make the annual payments in-lieu of taxes to local units of government that are required under subpart 14 of Part 21 of the Natural Resources and Environmental Protection Act, 451 PA 1994, as amended. Trust Funds are used to meet the DNR's obligations under Part 21 for lands acquired by the DNR with MNRTF assistance.

On November 8, 1994, Michigan voters approved Proposal P, which also amended the State Constitution. The 1994 amendment reversed a previous constitutional provision which allowed the diversion of Trust Fund revenue to the Michigan Strategic Fund. Proposal P also established the State Park Endowment Fund for the operation, maintenance and capital improvements at Michigan's State Parks, and provided for the distribution of \$10 million annually in Trust Fund revenues to the new Endowment Fund. The 1994 amendment also raised the maximum amount that can accumulate in the Trust Fund from \$200 million to \$400 million.

On August 6, 2002, Michigan residents approved Proposal 2. This amendment to Article IX allows the MNRTF to invest in a wider array of investments, raises the current cap on the maximum allowable amount from \$400 million to \$500 million, and allows up to one-third of the Trust Fund revenues to be spent annually, until the principal reaches \$500 million.

### **III. BOARD MEMBERSHIP**

The Board of Trustees created by the MNRTF Act is composed of five members. These members are the Director of the Department of Natural Resources (DNR) or a member of the Natural Resources Commission, as determined by the Natural Resources Commission, and four residents of the State appointed by the Governor.

The four citizen members appointed by the Governor and serving their terms during 2002 were:

Mr. Steven Arwood from Dewitt, for a term expiring October 1, 2005; Dr. Gordon Guyer from East Lansing, for a term expiring October 1, 2002; Mr. Kevin Johnson from Gaylord, for a term expiring October 1, 2003; and Mr. Jim Thompson from Reed City, for a term expiring October 1, 2004. The Natural Resources Commission was represented by Commissioner Keith J. Charters. Dr. Guyer served as Chairperson through 2002.

### **IV. BOARD ACTIVITIES AND ACHIEVEMENTS IN 2002**

The Trust Fund Board met six times in 2002 to conduct business. They also held an evening meeting on April 23 in Lansing to provide an opportunity to discuss larger-scope issues such as scoring criteria and acquisition of rights in land. The following is a summary of their actions:

#### **Allocation of Project Funds**

Section 1907(1) of Part 19, PA 451 of 1994, requires that by January of each year the Board submit to the Legislature a priority list of lands recommended for acquisition and/or development.

Applications for MNRTF assistance are accepted annually. Applications are accepted from both local units of government and State agencies, primarily the land managing divisions of the Department of Natural Resources (DNR). Applications are reviewed and scored by Grants, Contracts and Customer Systems (GCACS) (*formerly Grants Administration Division, Finance and Operations Services Bureau*) of the DNR. Final grant recommendations are made by the MNRTF Board and submitted to the Legislature for approval and appropriation of funds.

The 2002 Recreation Grants Selection Process booklet which explains the program and application requirements was made available to prospective applicants in January 2001. Applications for MNRTF land acquisition and recreation facility development projects were accepted from the DNR and local units of government on April 1, 2002. A secondary application deadline for acquisition applications only was available on August 1, 2002.

DNR's GCACS staff review applications for eligibility and conformance to the stated program goals and evaluation criteria. For applications received in April, GCACS staff conducted a preliminary evaluation and made the results available to applicants before the final scoring process was conducted. This formal preliminary evaluation process was new for 2002.

During 2002, over 200 MNRTF applications requesting more than \$126 million in assistance were evaluated and scored by GCACS staff based on criteria and a scoring model approved by the Board. The staff rankings for acquisition projects were submitted to the Board in October and development projects in December. These rankings were based on application scores and the funds available. The Board considered staff recommendations and other appropriate factors in making its recommendations.

At its October 22, 2002 meeting, the Board officially adopted its 2002 project recommendations for land acquisition projects for submission to the Legislature. The list included the following projects, subject to legislative approval and appropriation of funds:

- 17 acquisition grants totaling \$23.1 million - 11 local acquisitions grants totaling \$7.7 million and 6 State acquisition grants totaling \$15.4 million.

Upon the request of the Department of Management and Budget, the Board's recommendations were included in a supplemental appropriations bill – House Bill 5705. House Bill 5705 was signed into law by Governor Engler on December 31, 2002 as Public Act 746 of 2002.

The lists of approved acquisition projects in priority order included in House Bill 5705 are provided below:

#	Grant Recipient	Project Title	Project Description	Project County	Grant Amount
TF02-187	DNR – FOREST, MINERAL & FIRE MGT.	Tip of the Keweenaw Acquisition-Phase II	Second of two phases to acquire approximately 6,275 acres of undeveloped land at the eastern end of the Keweenaw Peninsula, including Schlatter, Hoar and Lost Lakes, Montreal River and six miles of Lake Superior shoreline.	Keweenaw	\$7,500,000
TF02-128	ALPENA TOWNSHIP	Acquire Houghmaster Property	Acquire in fee simple 132-acre peninsula with 9,632 feet of Lake Huron shoreline for township park. Site contains heavily-wooded area, Great Lakes marsh, Karst geologic features and habitat for endangered plants, shore and migratory birds.	Alpena	\$1,392,900
TF02-201	DNR – WILDLIFE	Acquisition of Deeryards	Acquisition in fee simple of key winter deer habitat currently held by International Paper Company.	Menominee	\$500,000
TF02-113	ANN ARBOR	Addition to Dolph Nature Area	Acquisition in fee simple of approximately 18 acres as an addition to the existing Dolph Nature Area, including 800 feet of access to Second Sister Lake.	Washtenaw	\$688,000
TF02-148	SOUTHFIELD	Berberian Property Acquisition	Acquisition in fee simple of 16 acres of natural property on the Rouge River to provide fishing access, protect wetland habitat, and complete the trail and wildlife corridor of Valley Woods Nature Preserve.	Oakland	\$1,753,500
TF02-178	DNR - FISHERIES	Dowagiac River Access Acquisition	Acquisition in fee simple of 74 acres of partially forested land with 1,300 feet of frontage on the Dowagiac River to be used for river restoration, fishing and hunting.	Cass	\$235,000
TF02-220	GARFIELD TOWNSHIP	Boardman Nature Education Reserve Expansion	Acquisition in fee simple of approximately 80 acres of land with 7,275 linear feet frontage on the Boardman River.	Grand Traverse	\$505,000
TF02-013	OAKLAND TOWNSHIP	Oakland Township Lost Lake Park Acquisition	Acquisition in fee simple of approximately 32 acres, including an entire lake, geological formation, wetland areas and structure for nature center, to be used for passive recreation and environmental education.	Oakland	\$1,762,800



#	Grant Recipient	Project Title	Project Description	Project County	Grant Amount
TF02-026	EMMET COUNTY	Resort Bluffs	Acquisition in fee simple of approximately 7 acres of land located between Highway US-31 and Lake Michigan for passive recreation use, including scenic views of and access to Lake Michigan.	Emmet	\$869,400
TF02-219	DNR – EXECUTIVE OFFICE	Kamehameha Trust Land Acquisition – Phase I	First of three phases to acquire a working forest conservation easement allowing continued timbering and public access for approximately 390,000 acres. Matching funds will be provided for this project.	Various	\$4,000,000
TF02-218	DNR – PARKS AND RECREATION	Denison Tract Acquisition – Phase I	First of a 2-phase project to acquire in fee simple approximately 250 acres of critical dunes, 2,640 feet of Lake Michigan frontage and 2,640 feet of frontage on the Kalamazoo River adjacent to Saugatuck Dunes State Park.	Allegan	\$3,000,000
TF02-204	MACKINAC ISLAND STATE PARK COMMISSION	Acquisition on Mackinac Island	Acquisition of fee simple ownership and development rights in a significant portion of Parcel A, Private Claim 33 (approximately 22 acres) that will protect 750 feet of Lake Huron frontage.	Mackinac	\$200,000
TF02-028	EVART	Riverside Park Acquisition	Acquisition in fee simple of 28 acres, including 1,386 feet of Muskegon River frontage and 2,500 feet of other stream frontage to expand Riverside Park and allow access to both sides of the Muskegon River.	Osceola	\$288,400
TF02-083	GAYLORD	Elk View Acquisition	Acquire in fee simple approximately 2 acres of land for park development.	Otsego	\$112,000
TF02-212	MECOSTA TOWNSHIP	Mecosta Township Park Acquisition	Acquisition in fee simple of 30 acres known locally as Buck's Campground for use as a public campground and day use area.	Mecosta	\$175,500
TF02-019	KOCHVILLE TOWNSHIP	Township Park Expansion	Acquisition in fee simple of 36 acres adjacent to Elmer Lange Township Park to expand park and develop active and passive recreation facilities.	Saginaw	\$63,800
TF02-133	GREENVILLE	Flat River Trail Acquisitions	This project includes acquisition in fee simple of parcels and/or easements totaling approximately 1.33 acres along the Flat River for future development of the Flat River Trail.	Montcalm	\$35,100

At its December 11, 2002 meeting, the Board officially adopted its 2002 project recommendations for development projects for submission to the Legislature. The list, in priority order, included the following projects, subject to Legislative approval and appropriation of funds:

- 23 development grants totaling \$5.7 million - 21 local development grants totaling \$5.1 million and 2 DNR development grants totaling \$579,400.
- 4 acquisition grants totaling \$3.3 million - 3 local development grants totaling \$2.5 million and 1 DNR development grants totaling \$850,000.

### ACQUISITION PROJECTS

#	Grant Recipient	Project Title	Project Description	Project County	Grant Amount
TF02-166	MACOMB COUNTY	Macomb Orchard Trail Acquisition	Acquisition in fee simple of 16.7 miles (182 acres) of abandoned rail corridor for use as a paved trail.	Macomb	\$1,718,300
TF02-211	HOUGHTON	Waterfront Land Acquisition	Acquisition in fee simple of a key waterfront site with 561 feet of frontage on Portage Lake and recreation development.	Houghton	\$390,000
TF02-181	DNR – FOREST, MINERAL & FIRE MANAGEMENT	Alpena-Hawks-Rogers City Trail Acquisition	Acquire in fee simple a 38-mile inactive rail corridor for use as a recreation trail.	Presque Isle	\$850,000
TF02-096	AU SABLE TOWNSHIP	Au Sable Township Finish Line Park	Acquisition in fee simple of .41 acres with approximately 575 feet of Au Sable River frontage directly adjacent to Au Sable Township Finish Line Park.	Iosco	\$343,200

### DEVELOPMENT PROJECTS

#	Grant Recipient	Project Title	Project Description	Project County	Grant Amount
TF02-163	BIG RAPIDS	Big Rapids Riverwalk Development	Project will develop a 2,900-foot nonmotorized trail along Muskegon River with barrier-free fishing platforms. Trail will connect Northend Riverside, Swede Hill, Hanchet and Hemlock Parks with the White Pine Trail State Park.	Mecosta	\$490,000
TF02-141	HOUGHTON	Houghton Nara Nature Trail Phase II	Project will construct a 1,900-foot boardwalk with fishing piers and sightseeing areas along the southwest side of the Pilgrim River.	Houghton	\$49,000
TF02-002	CHEBOYGAN	Major City Park Riverfront Improvement Project II	Project will provide improvements to Cheboygan Major City Park, including barrier-free fishing and viewing piers, walkways, lighting and shoreline stabilization.	Cheboygan	\$317,900
TF02-151	TRAVERSE CITY	Boardman Lake Trail – East	Project will construct a 2.3-mile 10-foot nonmotorized multi-use recreational trail linking the TART Trail at Hull Park (Traverse City) to the trail head at Medalie Park (Garfield Township) and runs along the east side of Boardman Lake.	Grand Traverse	\$500,000
TF02-172	OSCEOLA TOWNSHIP	Osceola Township Sandy Bottom Park	Project will provide improvements to Sandy Bottom Park, located on Portage Lake, including pathways, play area, boat dock, picnic area and toilet facility.	Houghton	\$46,000
TF02-077	ARENAC COUNTY	Point Au Gres Park Improvements	Project will develop picnic areas, restrooms, visitor and educational center, fishing dock and a playground at Point Au Gres Park to support swimming, fishing and other recreational activities on Saginaw Bay/Lake Huron.	Arenac	\$274,600

#	Grant Recipient	Project Title	Project Description	Project County	Grant Amount
TF02-194	DNR - EDUCATION & OUTREACH	Johnson Center Improvements	Project will develop hands-on hunting and fishing education facilities, including indoor simulated and outdoor archery and pellet gun ranges, a fishing pier on Lake Cadillac and support facilities.	Wexford	\$279,400
TF02-197	DNR - PARKS & RECREATION	Rifle River Recreation Area	Project includes the removal and replacement of existing pedestrian/vehicular bridge crossing the headwaters of the Rifle River.	Ogemaw	\$300,000
TF02-137	ALLEGAN	Brady Street/Riverfront Boardwalk Development	Construct 850 feet of riverfront boardwalk and walkways to connect existing boardwalk and rustic park.	Allegan	\$300,000
TF02-125	PAINT CREEK TRAILWAYS COMMISSION	Paint Creek Trail Enhancement Project	Project will develop trail-side improvements, including two picnic area sites with seating, water and a restroom at one of the picnic sites and an observation deck.	Oakland	\$58,900
TF02-030	STERLING HEIGHTS	Bike Path – Riverland Drive to Van Dyke Avenue	Construction of one mile of a 10-foot wide asphalt path along the east side of the Clinton River from Riverland Drive to Van Dyke, part of a recreational path system linking Metropolitan Beach and Stony Creek Metroparks.	Macomb	\$220,000
TF02-062	MUSKEGON COUNTY	Pioneer County Park	Improvements to Pioneer County Park to include construction of new park entrance, 20 new campsites, visitors center, park office and maintenance facility.	Muskegon	\$224,000
TF02-127	LANSING	Moores Park Improvements	Project will develop an extension to the Grand River Trail through Moores Park with riverbank stabilization and improved fishing access and canoe launch.	Ingham	\$247,800
TF02-043	ROCHESTER	Clinton River Trail Development	Develop a 2.5-mile hard surface trail, including bridge decking and railing. Portions will abut the Clinton River and pass through natural areas designated by the Michigan Natural Features Inventory.	Oakland	\$175,000
TF02-174	THREE RIVERS	Scidmore Park Riverwalk and Renovations	Improvements to Scidmore Park, to include development of 2,200 feet of riverwalk, pond for outdoor education, parking, canoe/kayak landing, shelter, public fishing docks, and landscaping.	St. Joseph	\$101,500
TF02-126	KENT COUNTY	Wahlfield Park Development	Project will improve Wahlfield Park by constructing an entry drive, parking, play area, picnic shelters, open play fields, and nature trails.	Kent	\$236,500
TF02-139	DAVISON	Davison Regional Park Trailways	Construction of 9,350 linear feet of a barrier-free, 8-foot wide trailway system in the Davison Regional Park along Black Creek and Westwood Lake.	Genesee	\$307,700

TF02-081	VAN BUREN TOWNSHIP	Van Buren Township Natural Area	Project will be the first development of an approximately 60-acre parcel to create a passive natural interpretive area with entrance drive, parking, trails, boardwalks and a pavilion.	Wayne	\$366,800
TF02-117	ALLEGAN COUNTY	Bysterveld County Park Development	Provide access to Bysterveld County Park by constructing a driveway and parking area, timber bridge, picnic shelter, vault toilets, playground and walks, trails and interpretive signs, fishing pond and maintenance building.	Allegan	\$500,000
TF02-165	CARO	Chippewa Landing Park and Trail Improvements	Construction of one-half mile, 8-foot wide bituminous trail with a pedestrian bridge, trailhead parking lot, fishing decks, and barrier-free portable toilets.	Tuscola	\$369,400
TF02-064	MOUNT MORRIS TOWNSHIP	Bicentennial Park Improvements	Project will develop playground equipment, barrier-free pathways, and a picnic area in Bicentennial Park.	Genesee	\$36,600
TF02-063	REED CITY	Recreation Park Improvements	Project will construct new restrooms, playground, paved parking lot, connection to Pere Marquette Trail and access to the Hersey River.	Osceola	\$256,800
TF02-052	WOLVERINE	Wolverine Lumbermens Memorial Park Development	To develop Lumbermens Memorial Park located on the Sturgeon River in the Village of Wolverine with pathway, picnic areas, parking, restrooms and play area.	Cheboygan	\$15,000

### **MNRTF Nominations:**

While only State and local governments may apply to the MNRTF to acquire property, any individual, group, or organization may nominate land for consideration. A nomination is a suggestion that the DNR consider a property for acquisition. Individuals wanting to submit a nomination must complete a short form.

Nominations are compiled by the DNR's GCACS and provided to the land managing bureaus/divisions of the DNR (Wildlife, Forest, Mineral and Fire Management, Parks and Recreation, and Fisheries) for reviews and to determine if the bureau/division wants to submit a MNRTF grant application for the property. Only those nominations which a DNR bureau/division decides to submit as an application are considered for funding, however, the MNRTF Board is provided a list of all nominations received.

Nominations may be submitted at any time, however, a list of the nominations received as of **January 1, 2002** was provided to the Board at their February 2002 meeting. This gave the Board the opportunity to make note of properties of interest to the Board.

A total of six nominations were received in 2002, one of which was determined to be of high enough priority to be submitted as a Trust Fund application by one of the DNR's land managing bureaus/divisions. This project was not included in the Board's final project recommendations and approved for funding by the Legislature.

## **Additional Board Activities for 2002**

### **Changes to Calendar Year 2003 Evaluation Criteria:**

Trust Fund applications are scored using twelve evaluation criteria and a scoring system approved by the MNRTF Board. The MNRTF Board reviews the criteria annually to determine if modifications are needed.

At its October 2, 2002 meeting, the MNRTF Board established criteria to be used to score calendar year 2003 MNRTF applications, as follows:

<b>Calendar Year 2003 Application Evaluation Criteria</b>	<b>Points Available</b>
1. Need for Project	10, 30, 50
2. Applicant History	10, 30, 50
3. Site and Project Quality	10, 30, 50
4. Protection or Use of Significant Natural Resources	0, 10, 30, 50
5. Use of Inland Water Resources	0, 10, 30, 50
6. Hunting, Fishing and Other Wildlife-Related Opportunities	0, 10, 30, 50
7. Economic Benefits	0, 10, 20, 30
8. Population Served By Project	0, 15, 30, 40, 50, 60
9. Financial Need of Applicant	0, 20, 40
10. Percentage of Cash Match	0, 10, 30, 40
11. Oil and Gas Impacted Areas	0, 10, 30, 50
12. Special Initiative(s) of the Board	0 – 210
<b>TOTAL POINTS AVAILABLE</b>	<b>730</b>

The model above represents some changes to the criteria used in 2002. Specifically, the Board changed criteria # 2 from “Capability of Applicant” to “Applicant History”. This change represents the removal of match security from the evaluation of an applicant’s capability and placing this issue in criterion #3, “Site and Project Quality”. Applicant History will now consist of a review of the applicant’s past grant performance. The Board also changed criterion #10, “Percentage of Cash Match” to include in the definition of cash the secure donation of a portion of the fair market value, and added a new criterion, “Oil and Gas Impacted Areas”, which will provide additional points to applications for projects within the counties with significant oil and gas exploration.

### **Review of Rights in Land Acquisitions**

At their evening meeting on April 23, 2002, the Board addressed the issue of using MNRTF to acquire less-than-fee simple interest in property. Chairman Guyer appointed a work group, headed by Board member Steven Arwood, to look into this issue. The work group met over the summer of 2002 and provided a report at the October 2, 2002 meeting. Since the use of MNRTF funds for acquisition in less than fee simple is allowed under the Michigan Constitution and statute, changes to law or the Constitution would not be required. The work group’s recommendations focused on making sure that the application materials and scoring system did not discriminate against applications which propose less than fee simple acquisition. The application materials for 2003 were amended accordingly.

## V. 2002 PROJECT EXPENDITURES

Expenditures made from the Trust Fund for calendar year 2002 for MNRTF grants and projects are provided in the lists in Appendix A. There are four separate lists: Local Government Acquisitions, Local Government Development Projects, State Acquisitions, and State Development Projects. These lists provide the following information:

- **Project Number**
- **Grant or Project Name**
- **Grantee Name:** The grant recipient for local projects.
- **Grant or Project Amount:** The local grant or DNR project amount approved by the MNRTF Board.
- **2002 Expenditures:** Expenditures made toward completing the project in 2002. For local acquisitions, this includes the grant or project amount plus additional costs directly associated with the project, such as DNR review and approval of local land appraisals. For recently approved acquisitions, if the expenditures listed are small and a large balance remains, the costs incurred in 2002 are those associated with appraisal of the property. The actual acquisition was not completed in calendar year 2002.
- **Balance:** Project or grant funds remaining taking into account the 2002 expenditures and all prior year expenditures.
- **2002 Acres:** For local and State acquisitions, if the property was acquired in 2002, or reported to the GCACS as a completed acquisition in 2002, the acres acquired is provided. If this column is blank, either the property was acquired in a prior year and any reported expenditures represent final close out costs (such as final payment to the grantee upon completion of a file audit) or the land has not been acquired. For lands not yet acquired, reported expenditures represent appraisal-related costs.

These 2002 expenditures represent only a part of the total project or grant amount, since costs are incurred over several fiscal years. These figures do not include local match expenditures for grants to local units of government.

## VI. MICHIGAN NATURAL RESOURCES TRUST FUND FINANCIAL SUMMARY

The MNRTF financial report for 2002 (FY2002) is attached in Appendix B.

During FY2002 (10/1/01 through 9/30/02), \$33,376,984 in revenue was generated from mineral royalties, largely oil and gas, collected under Part 19 of Act 451. The Act provides for up to one-third of those dollars - \$11,125,661 - to be appropriated with \$10 million to be transferred to the State Park Endowment Fund. The remaining revenues are deposited into an interest-bearing principal account. A deposit of \$12,251,323 will be made to the principal balance, bringing the principal balance at the close of FY2002 to \$194,257,222. Interest earned on the fund in FY2002 totaled \$15,527,496.

The interest earnings, plus one-third of the mineral revenues, is available for MNRTF projects and program administration. Administrative expenses for FY2002 totaled \$3,607,712. These costs include management of the minerals program within the Forest, Mineral and Fire Management Division, support for grants and acquisition staff in GCACS and Office of Land and Facilities (*formerly Office of Property Management*). The cost of conducting audits on oil and gas royalties and payments to local governments for in-lieu of taxes on State-owned lands purchased under the MNRTF program since 1987 are also included among the administrative costs.

Project and grant award recommendations made in calendar year 2002 were based on projected funds available for grants and DNR projects during FY2002 as shown on the attached financial report and as further described below:

Project Funds Available	Explanation
\$22,275,665	1/3 <sup>rd</sup> of the mineral (largely oil and gas) revenue and interest as described above. These funds were split between acquisition (80 percent, less administrative costs) and development (20 percent). While the Board is authorized to spend up to 25 percent on development, due to the large number of exceptional acquisition opportunities, in 2002 the Board opted to allocate 20 percent for development and 80 percent for acquisition.
\$10,597,555	Reauthorization of Balances from Lapses. These are project funds from earlier fiscal years that are scheduled to be lapsed at the end of fiscal year 2002. The lapses are a result of cancelled projects or projects completed under budget. These funds are allocated to acquisition and development based on the original appropriation (i.e., lapsed acquisition funds are allocated to new acquisition projects, lapsed development funds are allocated to new development projects).
(\$785,360)	Prior Year Revenue/Interest Adjustments. In most years, the Board's project recommendations are made prior to book closing for the fiscal year. Revenue and interest adjustments continue to be made until the fiscal year is closed. As such, there can be small adjustments that must be made in the following fiscal year.
\$32,087,859	Total Project Funds Available - Acquisition: \$26,400,013; Development: \$5,687,846
\$26,259	Year End Adjustment carried into Fiscal Year 2003

The above revenue and expenditure figures, which are taken from the attached report, are current as of March 26, 2003.

## APPENDIX A: GRANT AND PROJECT EXPENDITURES FOR 2002

### LOCAL GOVERNMENT DEVELOPMENT

			GRANT	2002	
TF #	GRANT NAME	GRANTEE	AMOUNT	EXPENDITURES	BALANCE
Act 480 of 1996					
96-142	Markin Glen Beach and Roads	Kalamazoo County	300,000	30,000	0
			300,000	30,000	0
Act 185 of 1997					
97-026	Ionia Grand River Trail	City of Ionia	269,350	26,995	0
97-027	River Trail Moores Park-Elm Street	City of Lansing	500,000	50,000	0
97-122	Palmer Park Renovation	Kent County	250,000	25,000	0
			1,019,350	101,995	0
Act 273 of 1998					
97-223	Riverside Park Seawall	City of Detroit	500,000	450,000	50,000
97-072	Riverwalk Extension Project	City of Monroe	290,125	29,013	0
97-199	Newman Street Waterfront Project	City of East Tawas	302,600	30,260	0
			1,092,725	509,273	50,000
Act 538 of 1998					
98-006	27th Street Railtrail	City of Bay City	178,000	14,460	0
98-033	Ann Arbor Railroad Park/Betsie Valley Trail Head Dev.	Village of Elberta	314,545	31,455	0
98-079	Wixom Habitat Development	City of Wixom	198,500	6,529	0
98-096	Huron Valley Trail Construction	W. Oakland Co. Trail Mgmt Council	490,000	87,531	0
98-099	Rogue River Park Redevelopment	Kent County	493,284	49,328	0
98-140	Rogers City Linkage Plan	City of Rogers City	500,000	44,902	0
			2,174,329	234,205	0



## APPENDIX A: GRANT AND PROJECT EXPENDITURES FOR 2002

### LOCAL GOVERNMENT DEVELOPMENT

TF#	GRANT NAME	GRANTEE	GRANT AMOUNT	2002 EXPENDITURES	BALANCE
<b>Act 69 of 1999</b>					
98-009	Pere Marquette Rail-Trail	Isabella County	482,762	48,276	0
98-243	River Bends Park Nature Center	Shelby Township	302,680	79,628	0
98-040	Riverfront Trail	City of Marshall	358,000	35,800	0
98-052	Grose Park Improvements	Ottawa County	410,000	41,000	0
98-063	Battjes Park Passive Recreation	City of Wyoming	179,000	17,900	0
98-124	6th Street Bridge Park Renovations	City of Grand Rapids	493,284	49,328	0
98-157	New Interpretive Center	City of Troy	466,000	267,471	46,600
98-248	Lowell Charter Township Park	Lowell Township	142,335	8,837	0
			2,834,061	548,240	46,600
<b>Act 265 of 1999</b>					
99-026	Dock #3 Park Development	City of St. Ignace	93,000	11,901	0
99-048	144th Avenue Boat Launch	Grand Haven Township	275,000	30,103	0
99-055	Major City Park River Front Improvement	City of Cheboygan	266,200	122,282	0
99-075	Betsie Valley Trail Trailhead Facilities	Benzie County	254,263	228,837	25,426
99-111	Hawk Island County Park	Ingham County	493,000	443,700	49,300
99-117	Marina Point Development and Fishing Site	Huron-Clinton Metropolitan Authority	180,000	162,000	18,000
99-118	Maltby Lake Access & Play Area	Huron-Clinton Metropolitan Authority	180,000	142,565	0
99-122	Quincy Park Improvements	Branch County	444,000	44,400	0
99-209	Swain's Lake Park	Jackson County	88,750	64,212	8,875
99-245	Lakefront Park Dock Project	City of Cadillac	123,924	12,392	0
99-247	Waterfront Trailway	City of Big Rapids	163,000	22,249	0
99-283	Hastings Riverwalk Development	City of Hastings	284,000	131,093	0
			2,845,137	1,415,734	101,601

## APPENDIX A: GRANT AND PROJECT EXPENDITURES FOR 2002

LOCAL GOVERNMENT DEVELOPMENT					
TF#	GRANT NAME	GRANTEE	GRANT AMOUNT	2002 EXPENDITURES	BALANCE
<b>Act 291 of 2000</b>					
99-014	Elberta Historic Waterfront Trailhead Park	Village of Elberta	258,000	232,200	25,800
99-145	Riverfront Park Dock and Pier	City of Niles	103,125	24,023	0
99-160	Hull Park Waterfront	City of Traverse City	365,730	36,573	0
99-180	Boyne River Walk Project	City of Boyne City	187,925	151,843	36,082
99-184	Trenton Linked Riverfront Parks Improvement	City of Trenton	332,800	292,014	40,786
99-193	Ott Preserve Improvements	Calhoun County	231,962	130,907	101,055
99-196	Lillie Park Restoration/Redevelopment	Pittsfield Township	219,724	73,247	65,670
99-262	Rockport Picnic Fishing Pier	Alpena Township	50,300	33,627	16,673
99-266	Paint River Walk	City of Crystal Falls	167,090	81,395	85,695
99-353	Harbor Breakwall Walkway Extension	City of Alpena	155,685	119,921	35,764
99-401	Betsie Valley Trail	Benzie County	432,000	25,003	331,754
99-437	County Park Revitalization	Luce County	114,393	32,764	11,439
			2,618,734	1,233,518	750,717
<b>Act 506 of 2000</b>					
00-146	Grayling Fish Interpretive Center	Crawford County	327,796	68,937	258,859
00-052	Hunter's Orchard Park Development	Delta Charter Township	65,000	37,664	27,336
00-082	Gales Pond Boardwalk Extension	Oceana County	17,282	15,554	1,728
00-139	Riverwalk Development	City of Marshall	191,444	76,805	114,639
00-113	Pine Creek Trail Development	Park Township	335,775	302,198	33,578
00-016	Southwest Lakeshore Development	City of Wakefield	136,000	35,285	100,715
00-076	Gun Lake County Park Improvements	Allegan County	155,881	139,997	15,884
00-077	Dumont Lake County Park Improvements	Allegan County	229,141	206,227	22,914
			1,458,319	882,666	575,653

## APPENDIX A: GRANT AND PROJECT EXPENDITURES FOR 2002

LOCAL GOVERNMENT DEVELOPMENT					
TF#	GRANT NAME	GRANTEE	GRANT AMOUNT	2002 EXPENDITURES	BALANCE
<b>Act 81 of 2001</b>					
00-275	Harbor Breakwall Walkway Extension	City of Alpena	153,481	105,428	48,053
00-339	Lillie Park South and East Development	Pittsfield Township	386,720	147,402	239,318
00-349	Antrim Creek Natural Area Development and Protection	Antrim County	143,154	128,839	14,315
00-185	Ludington Park Beachhouse Renovation	City of Escanaba	192,500	154,743	37,757
00-170	Linden Park Renovation	Genesee County	330,000	131,667	198,333
00-172	Kollen Park Renovation	City of Holland	500,000	450,000	50,000
00-055	Taylor Park Development	Long Lake Township	25,175	25,175	0
			1,731,030	1,143,253	587,777
<b>Act 120 of 2001</b>					
01-062	McQuisten Park Boardwalk	Munising Township	174,640	127,462	47,178
01-081	White Lake Pathway	City of Whitehall	426,600	337,997	88,603
			601,240	465,459	135,781
<b>Total Expenditures</b>			<b>\$16,674,925</b>	<b>\$6,564,343</b>	<b>\$2,248,129</b>

## APPENDIX A: GRANT AND PROJECT EXPENDITURES FOR 2002

### LOCAL GOVERNMENT ACQUISITION

			GRANT	2002		2002
TF #	GRANT NAME	GRANTEE	AMOUNT	EXPENDITURES	BALANCE	ACRES
Act 538 of 1998						
98-007	Hartland Township Park	Hartland Township	345,000	345,000	0	64.86
			345,000	345,000	0	64.86
Act 265 of 1999						
99-176	Purchase Regional Parkland	Kent County	1,572,500	1,572,500	0	209.00
99-235	Crockery Creek Site Acquisition	Ottawa County	805,000	103,066	0	0.00
99-276	Gratiot River Mouth Land Acquisition	Keweenaw County	442,500	419,772	0	99.35
			2,820,000	2,095,338	0	308.35
Act 291 of 2000						
99-082	Markin Glen/River Access	Kalamazoo Township	57,000	34,629	0	27.88
99-187	Southside Park Land	City of Battle Creek	500,000	500,000	0	127.00
99-272	Carpenter Lake Acquisition	City of Southfield	544,000	2,818	0	
99-323	Park Lyndon Expansion	Washtenaw County	787,500	70,165	0	
99-436	Jabara Property	Antrim County	320,662	288,895	0	115.00
			2,209,162	896,507	0	269.88
Act 506 of 2000						
00-040	Tuscarora Township Park	Tuscarora Township	1,184,000	635,474	548,526	4.41
00-056	Karner Farm Expansion Project	W. Bloomfield Township	352,594	237,425	115,792	13.40
00-061	Acquisition of Doezema Farm	Grand Rapids Township	1,280,000	1,280,000	0	118.00
00-150	Grand River Ravines Acquisition	Ottawa County	910,000	2,864	0	
00-162	Yuba Creek Natural Area Acquisition	Acme Township	1,576,021	157,602	0	
00-145	Grass River Natural Area Expansion	Antrim County	348,750	316,067	34,875	37.50
			5,651,365	2,629,431	699,193	173.31

## APPENDIX A: GRANT AND PROJECT EXPENDITURES FOR 2002

### LOCAL GOVERNMENT ACQUISITION

TF#	GRANT NAME	GRANTEE	GRANT AMOUNT	2002 EXPENDITURES	BALANCE	2002 ACRES
<b>Act 81 of 2001</b>						
00-063	Expansion of Finn Road Park	Hampton Township	130,800	130,800	0	25.00
00-065	Purchase of Bakers Field	Port Huron Township	375,000	939	375,000	
00-136	Lakeside Beach Acquisition	Village of Spring Lake	122,550	123,608	0	0.20
00-154	Township Park Expansion	Greenwood Township	63,360	63,360	0	20.00
00-319	Petobego Natural Area Acquisition	Whitewater Township	680,048	681,405	0	250.30
00-317	Chikaming Township Park and Preserve Acq.	Chikaming Township	1,499,788	1,503,776	0	262.60
00-312	Rochester Rails-to-Trails	City of Rochester	1,608,786	1,353,844	0	28.00
00-322	Krieg Riverfront Acquisition	City of Marine City	487,105	487,105	0	0.86
00-356	Meyer Addition to Nature Education Reserve	Grand Traverse County	786,509	711,538	78,651	95.00
00-365	Addition to Mebert Creek Natural Area Acq.	Bingham Township	27,000	28,245	0	15.82
00-391	Arenac County Park Acquisition	Arenac County	900,000	900,470	0	6.90
00-223	Wharfside Building Acquisition	City of Charlevoix	500,000	469,926	105,991	0.08
			7,180,946	6,455,016	13,635,962	
<b>Act 120 of 2001</b>						
01-016	Ransom Lake Natural Area	Almira Township	859,920	782,020	85,992	220.00
01-227	Maple Bay and Natural Area	Grand Traverse County	6,816,920	6,819,164	0	400.00
01-068	Clinton River Trail Acquisition	City of Rochester Hills	1,900,000	1,904,280	0	52.80
01-115	Clinton River Trail Acquisition	City of Pontiac	412,160	1,253	412,160	
01-046	Sylvan Lake Rail to Trail	City of Sylvan Lake	162,000	1,983	162,000	
			10,151,000	9,508,699	660,152	672.80
<b>Total Expenditures and Acres</b>			<b>\$28,357,473</b>	<b>\$21,929,991</b>	<b>\$14,995,307</b>	<b>1,489.20</b>

## APPENDIX A: GRANT AND PROJECT EXPENDITURES FOR 2002

### STATE DEVELOPMENT

		PROJECT	2002	
TF #	PROJECT NAME	AMOUNT	EXPENDITURES	BALANCE
Act 480 of 1996				
96-261	Houghton Lake State Forest Campground	498,400	2,125	0
96-266	Old Mission Park Site	275,000	75,674	0
		773,400	77,799	0
Act 538 of 1998				
98-206	Sterling State Park-Accessible Wetlands Intr. Trails	292,600	53,330	239,220
		292,600	53,330	239,220
Act 265 of 1999				
99-300	Palms Book SP Interpretive Facilities Renovation	150,000	137,966	2,529
99-301	Bond Falls SP Initial Development	290,000	57,793	194,889
		440,000	195,759	197,418
Act 506 of 2000				
00-250	Fishing Piers in So. Michigan State Parks	456,500	19,178	408,416
00-251	Pontiac Lake RA Shooting Range Upgrade	250,000	6,685	237,300
		706,500	25,864	645,716
Act 81 of 2001				
00-242	Hersey-Evart Trail Surfacing	350,000	2,065	311,515
		350,000	2,065	311,515
Act 120 of 2001				
01-204	State Forest Campground Access Improvement	500,000	38,318	461,682
01-210	White Pine, Van Buren & Lakelands Trail Dev.	394,000	160,000	234,000
		894,000	198,318	695,682
Total Expenditures		\$3,456,500	\$553,135	\$2,089,551

## APPENDIX A: GRANT AND PROJECT EXPENDITURES FOR 2002

### STATE ACQUISITION

		PROJECT	2002	2002	
TF #	PROJECT NAME	AMOUNT	EXPENDITURES *	BALANCE	ACRES
Act 273 of 1998					
97-274	Fisheries Lump Sum	250,000	100,878	0	28.70
		250,000	100,878	0	28.70
Act 69 of 1999					
98-187	North Branch Manistee River	300,000	454	29,014	0.00
		300,000	454	29,014	0.00
Act 265 of 1999					
99-298	Biehl Property	250,000	250,000	0	102.70
99-288	Trail Corridor Lump Sum	300,000	94,996	0	0.00
99-299	Mackinac Island State Park Acquisition	500,000	246,874	0	1.42
99-307	State Wildlife Lump Sum	580,000	23,369	0	0.00
		1,630,000	615,239	0	104.12
Act 291 of 2000					
99-290	Marquette-Munising Rail Trail	550,000	500,812	0	675.39
99-442	Cheboygan-Gaylord Trail-Phase 6	1,250,000	99,942	0	
99-294	Frost Property	1,560,000	25,191	0	
99-444	State Wildlife Lump Sum	500,000	43,939	0	
		3,860,000	669,883	0	675.39

## APPENDIX A: GRANT AND PROJECT EXPENDITURES FOR 2002

STATE ACQUISITION					
TF#	PROJECT NAME	PROJECT AMOUNT	2002 EXPENDITURES	BALANCE	2002 ACRES
<b>Act 506 of 2000</b>					
00-239	Fisheries Lump Sum	500,000	417,343	72,922	25.53
00-244	Upper Manistee River Property	1,600,000	386	1,593,221	
		2,100,000	417,728	1,666,143	25.53
<b>Act 81 of 2001</b>					
00-246	State Forest Lump Sum	700,000	9,100	0	
00-240	Trail Acquisition Lump Sum	350,000	32,325	282,776	
00-247	Gross Property	350,000	3,149	344,360	
00-401	MNRTF Board Small Acquisition Grants Initiative	350,000	1,192	348,808	
00-252	State Parks & Recreation Lump Sum	700,000	474,380	172,024	56.71
00-255	State Wildlife Lump Sum	950,000	644,100	271,143	133.67
		3,400,000	1,164,246	1,419,110	190.38
<b>Act 120 of 2001</b>					
01-196	Tip of the Keweenaw	5,000,000	4,876,396	123,604	3,009.85
01-200	Storey Lake Property	7,900,000	20,301	0	
01-222	Bass River Recreation Area Acq-Bakale Property	3,215,000	2,964,704	247,457	550.00
01-205	Mackinac Island State Park Land Acquisition	500,000	387,872	112,128	1.42
		16,615,000	8,249,273	483,189	3,561.27
<b>Total Expenditures and Acres</b>		<b>\$ 28,155,000</b>	<b>\$ 11,217,702</b>	<b>\$ 3,597,456</b>	<b>4,585.39</b>



**APPENDIX B**  
**MICHIGAN DEPARTMENT OF NATURAL RESOURCES**  
**NATURAL RESOURCES TRUST FUND**  
**Revenue Report**  
**Fiscal Year Ended September 30, 2002**

Revenue		Principal Balance	
Oil & Gas Revenue	33,376,984.34		
1/3 of Revenue	(11,125,661.45)	Beginning Balance - 10/1/01	182,005,899.02
State Parks Endowment Fund Transfer	(10,000,000.00)	Deposit to Principal	12,251,322.89
Amount to Principal Balance	12,251,322.89	Ending Balance as of 9/30/02	194,257,221.91

	Source Funds	Available Funds	Calculation of Funds Available for Acquisition
Interest	14,510,614.02	14,510,614.02	
Miscellaneous Revenue	247,101.18	247,101.18	
Revenue (1/3)-Available to Appropriate	33,376,984.34	11,125,661.45	
	48,134,699.54	25,883,376.65	25,883,376.65
Less 20% of Available Funds for Development Projects FY 2002*			(5,176,675.33)
Less:			
<b>Administrative Expenditures</b>			
Grants Administration Division, Accounting Section			(594,847.15)
Other DNR Divisions-(Internal Audit, EOLS, Executive, HRD)			(140,248.72)
Other Departments-(Civil Service, Treasury)			(46,452.00)
Treasury Investment Fees			(145,997.19)
Payment-in-Lieu of Taxes - Grants			(828,919.73)
FMFM Division-Minerals Management			(782,346.95)
FMFM-Oil & Gas Audit Contracts			(181,500.00)
FMFM Database Rewrite			(875,000.00)
State Rent			(12,400.00)
Total Administrative Expenditures			(3,607,711.74)
Funds Available for Acquisition Projects FY 2002 From Interest and Revenue			17,098,989.58

Funds Available for Projects	Acquisition	Development	Total
	17,098,989.58	5,176,675.33	22,275,664.91
Add:			
Reauthorization of balances from lapses-FY 2002	10,415,322.58	182,232.09	10,597,554.67
	10,415,322.58	182,232.09	10,597,554.67
Less:			
Prior Year Revenue/Interest Adjustments	(1,114,298.93)	328,938.82	(785,360.11)
Total Funds Available FY 2002 from			
Int & Rev, Lapses, other sources	26,400,013.23	5,687,846.24	32,087,859.47
Less:			
Approved projects-Act 746 of 2002	(23,081,200.00)		(23,081,200.00)
Subtotal	3,318,813.23	5,687,846.24	9,006,659.47
Funds remaining from Project Recommendations of FY 02 Available Funds	3,318,813.23	5,687,846.24	9,006,659.47
Development and add'l acquisition projects approved Act ____ 2003	(3,307,500.00)	(5,672,900.00)	(8,980,400.00)
Funds remaining	11,313.23	14,946.24	26,259.47

\*Acquisition floor is 25%, development ceiling is 25%

\*\* May be higher

